

Foreign Exchange Investment Department

Bangladesh Bank

Head Office

Dhaka

www.bb.org.bd

FEID Circular Letter No. 01

Date: 18 June 2020

All Authorized Dealers in
Foreign Exchange in Bangladesh

Dear Sirs,

Transfer of shares and repatriation of sales proceeds of shares in favor of non-residents in private/public limited companies not listed with stock exchanges

FEID Circular No. 1 of May 06, 2018 outlines working procedures referring to valuation approaches for submission of applications to Bangladesh Bank in repatriation of sales proceeds of non-resident equity investment in non-listed public limited companies and in private limited companies.

02. To bring further simplification in repatriation of sales proceeds of non-listed shares, it has been decided that:

- a. Authorized Dealers (ADs) may effect remittances on account of sales proceeds of shares regardless of amount, fair value of which is determined by the management of the target companies through net asset value (NAV) approach based on latest audited financial statements submitted together with tax returns. ADs shall satisfy themselves from the undertaking of the target companies countersigned by auditors to the effect that in net asset value approach audited financial statements have contained no revalued assets, intangible assets, expenses/losses shown as asset. The certificate should specify that the impairment of assets have been adjusted. The ADs should also be ensured that there is no abnormal growth in total assets in any of last three years, particularly in last year;
- b. No permission from Bangladesh Bank is required to repatriate sales proceeds of shares up to Tk 10.00 million equivalent foreign currency without valuation reports from independent valuers;
- c. ADs may effect remittances of above Tk 10.00 million upto Tk 100.00 million equivalent foreign currency on account of sales proceeds, fair value of which is determined in terms of valuation methods prescribed in FEID Circular No. 1 dated May 06, 2018. Within 30 days of remittances, ADs shall submit post facto reports detailing the transactions to Foreign Exchange Investment Department at Bangladesh Bank Head Office.

03. (a) ADs shall, before executing the transactions, satisfy themselves to the effect that the target company has complied with the provision of paragraph 2(A) and 2(B), chapter 9 of the Guidelines for Foreign Exchange Transactions-2018 (GFET), Vol-1. On completion of the transactions, ADs shall comply with usual reporting routine and preserve the records of the transactions for eventual inspection, unless under investigation, for a period of 5 years;

(b) ADs shall ensure that the outward remittance under the authorization as noted at 2(c) above is executed one-time against the particular deal. Subsequent deals are, if any, subject to the instructions of FEID Circular No. 1/2018. In case of inconsistencies identified, ADs should seek opinion from Bangladesh Bank;

(c) ADs shall comply with Section 3(4) of The Foreign Exchange Regulation Act, 1947 (Amended upto 2015) before execution of remittance.

04. As usual, ADs shall observe due diligence of KYC, AML/CFT standards, regulations on payment of taxes and so on.

Please bring the instructions of this circular letter to the notice of your concerned clientele.

Yours Faithfully,



(Abu Saleh Mohammed Shahab Uddin)
Deputy General Manager
Phone: 02-9530488